ANDOVER MINING

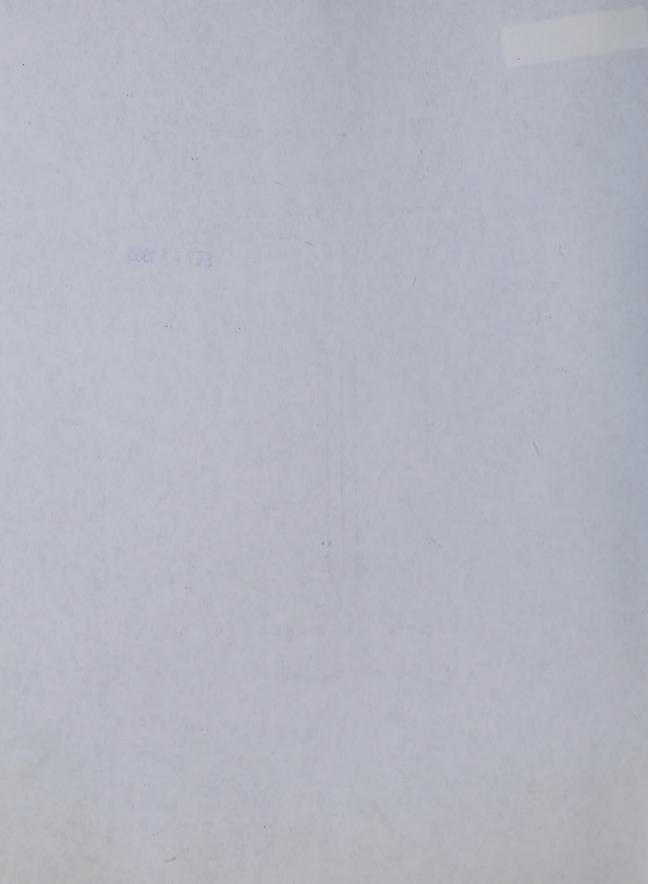
& EXPLORATION

SEP 23 1963

LIMITED

REPORT to SHAREHOLDERS

September 11, 1963



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	L. J.	. Moreaux President and Dire	ctor
OFFICERS	S. A.	Perry Vice-President and Dire	ector
OFF TOPIAD	G. D.	Pattison Secretary-Treasurer and Dire	ctor
AND	R. D.	Bell Assistant Secretary-Treas	urer
DIRECTORS	D. D.	. Martin Dire	ctor
DIMO TONO	А. J.	Gravelle Dire	ctor
	J. M.	Breckenridge Dire	ctor

AUDITORS	Thorne, Mulholland, Howson & McPherson Toronto
BANKERS	Canadian Imperial Bank of Commerce Toronto
TRANSFER AGENT	Guaranty Trust Company of Canada Toronto

SUITE 405 - 25 ADELAIDE ST. WEST TORONTO 1, ONTARIO

To the Shareholders,
ANDOVER MINING & EXPLORATION LIMITED.

Submitted herewith is the financial statement of your Company for the period from May 1, 1959 to July 31, 1963, with Auditors' Report thereon dated August 23, 1963.

The diamond drilling program which commenced in the fall of 1958 on the Company's group of thirty-eight unpatented mining claims located in Townships 168 and 175 near Iron Bridge, Ontario, was suspended in the year 1960 due to the exhaustion of the Company's funds. This drilling program which consisted of 30,133 feet of diamond drilling in 75 holes, indicated according to Mr. Ben W. Chechak, B.Sc., Consulting Geologist, a total of 547,000 tons of material grading about 2% copper.

Sufficient work has been done on the said claims to apply for patents or leases thereon which must be done in order to retain the claims. Before patents or leases can be applied for under the provisions of The Mining Act, Ontario, a boundary survey must be completed and the required fees paid to the Treasurer of Ontario.

Repeated efforts have been made by management to raise funds for the Company through the sale of its treasury shares or through participation by other companies so that its operations may be continued, but negotiations with various underwriters and other companies have not been successful.

By an agreement dated August 15, 1963, made between your Company and Cornerstone Investment Corporation Limited, the Company has undertaken to sell its thirty-eight unpatented mining claims in Townships 168 and 175 near Iron Bridge, Ontario, to a new company to be incorporated with an authorized capital of 5,000,000 shares of \$1.00 par value and to be known as Crownbridge Copper Mines Limited, for a consideration consisting of \$5,000.00 cash and 900,000 shares (10% free and 90% escrowed) of such new company. Cornerstone Investment Corporation Limited has undertaken to underwrite 200,000 shares of the new company at 15¢ per share and is to be granted options to purchase a further 800,000 shares exercisable as follows:

200,000 shares @ 15¢ within six months of the date of the underwriting agreement; 200,000 shares @ 17½¢ within nine months; 200,000 shares @ 20¢ within twelve months; 200,000 shares @ 25¢ within fifteen months.

In consideration for consultations, information and advice regarding the said mining claims, your Company is to receive from the said new company up to \$15,000.00 payable \$5,000.00 out of the proceeds of each of the first three options mentioned above, only if same are fully exercised, or a proportionate lesser amount if same are exercised in part. Upon completion of the matters contemplated under this

agreement, your Company is required to transfer to Cornerstone Investment Corporation Limited 360,000 escrowed shares out of the 900,000 shares which it is to receive from the said new company.

This agreement is subject to the approval of the shareholders of this Company and is considered in the opinion of your Company's management as the only available method under which the said mining claims can be further developed and brought to lease or patent as required. In addition the funds to be received by your Company under this agreement, amounting to a minimum of \$5,000.00 and a maximum of \$20,000.00, will permit reduction of your Company's liabilities and permit maintenance of its corporate existence. If the new company is successful in the development of the mining claims, its shares could become of value.

At the forthcoming Annual and Special General Meeting of Shareholders the approval of the agreement dated August 15, 1963 made between this Company and Cornerstone Investment Corporation Limited, and as contemplated thereunder, the approval of the sale of the Company's thirty-eight mining claims in Townships 168 and 175 of the Province of Ontario to a new company, will be considered. Your favourable vote in this matter is respectfully solicited.

Your Company continues to hold forty-three patented mining claims near Fountain Lake in the Moss Township area of the Port Arthur Mining Division, Ontario, four unpatented mining claims in Joan Township and four leased claims in Yates Township, Temiskaming Mining Division, Ontario.

Submitted on behalf of the Board,

L. J. MOREAUX,

President.

Toronto, Ontario, September 11, 1963.

THORNE, MULHOLLAND, HOWSON & MCPHERSON CHARTERED ACCOUNTANTS

TORONTO

ONTARIO PARTNERS

R.S.McPHERSON
H.E.CRATE
T.M.CHASE
L.W.TRUMBLE
E.P.HUDSON
W.D.CASKEY
W.B.WELDON
J.W. WAIR
J.W. WAIR
J.W. WAIR
W.B. STAPELLS
S.H. SORLEY
W.B. SCHARSHAW
W.B. STAPELLS
S.H. SORLEY
W.H. MOORE

GALT KITCHENER LONDON
WINNIPEG CALGARY EDMONTON
VANCOUVER MONTREAL HALIFAX
SAINT JOHN NASSAU, BAHAMAS

SUITE 902
111 RICHMOND STREET WEST
TORONTO 1, ONT.

AUDITORS' REPORT

To the Shareholders of Andover Mining & Exploration Limited:

We have examined the balance sheet of Andover Mining & Exploration Limited as at July 31, 1963 and the statements of deficit and deferred expenditures for the fifty-one months from May 1, 1959 to July 31, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of deficit and deferred expenditures present fairly the financial position of the company as at July 31, 1963 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Toronto, Canada, August 23, 1963. Thome, Mulholland, Howson & McPherson Chartered Accountants

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ANDOVER MINING & EXPLORATION LIMITED Incorporated under the laws of Ontario

BALANCE SHEET

July 31, 1963

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- ASSETS -		- LIABILITIES -
Current assets: Cash Investments in mining and oil companies at nominal value	7.11	Current liabilities: Accounts payable and accrued expenses
Investment in and advances to subsidiary company, at nominal value (note 1)	1.00	- SHAREHOLDERS' EQUITY -
Mining lands and claims, at the consideration given therefor consisting of 21,500 shares of capital stock valued at	1.00	Capital stock: Authorized, 5,000,000 shares, par value 25¢ each Issued, 1,786,348 shares (note 3)
\$72,666.67 and \$43,424.31 cash (note 2)	116,090.98	Contributed surplus
Deferred expenditures	213,160.82	Deficit
	\$329,260.91	\$329,260.91

The accompanying notes are an integral part of this statement.

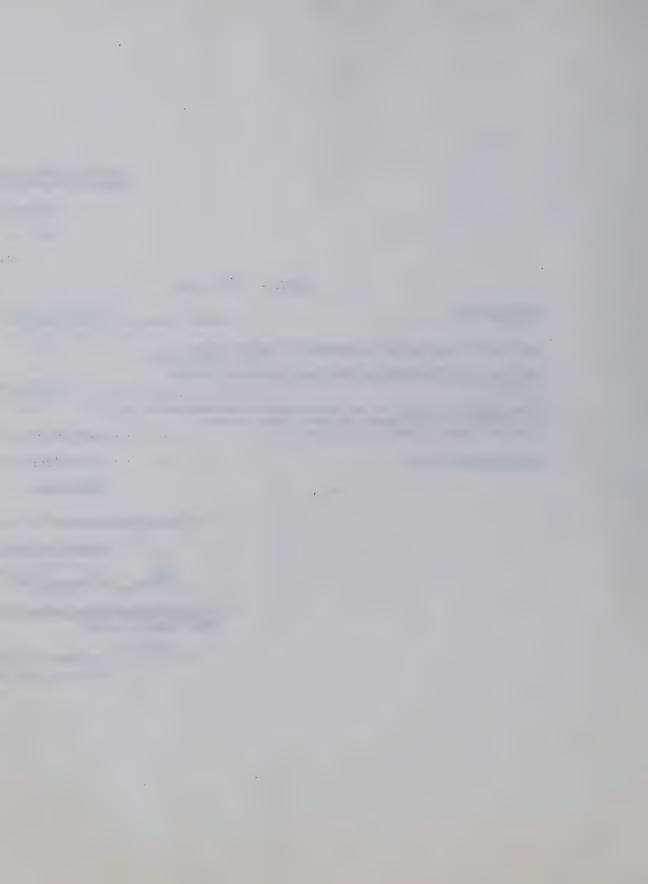
Approved on behalf of the Board.

. Director.

This is the balance sheet referred to in our report to the shareholders

dated August 23, 1963.

Thome, Mulholland, Howson - Mitherson Chartered Accountants



NOTES TO FINANCIAL STATEMENT

Fifty-one months from May 1, 1959 to July 31, 1963

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1. Investment in and advances to the subsidiary company, Cable Copper Mines Limited, have been written down to a nominal value of \$1.00, as the company is inactive and without funds. For this reason the accounts of the subsidiary have not been consolidated herein.

The charters of the company's other two inactive subsidiaries, Mid-City Investment Corporation Limited and Andover Investment Corporation Limited, which are without assets, have been deposited with the Provincial Secretary of Ontario for surrender in due course, and the investment in and advances to these companies have been completely written off.

The write-offs relating to subsidiary companies, which have been charged to deficit, are as follows:

	Shares	Cost of Shares	Advances	Total
Partly-owned subsidiary (80%): Cable Copper Mines Limited .	600,000	16,000.00	26,754.99	42,754.99
Wholly-owned subsidiaries: Mid-City Investment				
Corporation Limited	100	100.00	56,629.76	56,729.76
Andover Investment Corporation Limited	100	100.00	158,457.82	158,557.82 258,042.57
Deduct Nominal value attached to investment in Cable Copper		·		, , , , , ,
Mines Limited, per balance sheet		1.00		1.00
		\$16,199.00	\$241,842.57	\$258,041.57

2. By agreement dated August 15, 1963, and subject to the approval of the shareholders, the company has undertaken to sell 38 unpatented mining claims in Townships 168 and 175 in the Sault Ste. Marie mining division of Ontario, to a new company to be incorporated with authorized capital of 5,000,000 shares of \$1.00 par value, for a consideration of 900,000 shares (90% escrowed) of the new company and \$5,000.00 cash.

The other party to this agreement has undertaken to underwrite 200,000 shares of the capital stock of the new company at 15¢ per share, and in consideration therefor is to be granted options on a further 800,000 shares exercisable as follows:



NOTES TO FINANCIAL STATEMENT (Continued)

Fifty-one months from May 1, 1959 to July 31, 1963

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200,000 shares @15¢ within six months of the date of the underwriting agreement, 200,000 shares @17½¢ within nine months, 200,000 shares @20¢ within twelve months, 200,000 shares @25¢ within fifteen months.

In consideration for consultations, information and advice regarding the said claims, the company is also to receive up to \$15,000.00 cash from the new company, being \$5,000.00 out of the proceeds of each of the first three options, if exercised, or a proportionate amount if exercised in part.

Upon completion of the matters contemplated by this agreement, the company is required to transfer to the other party thereto 360,000 escrowed shares out of the 900,000 shares which it is to receive from the new company.

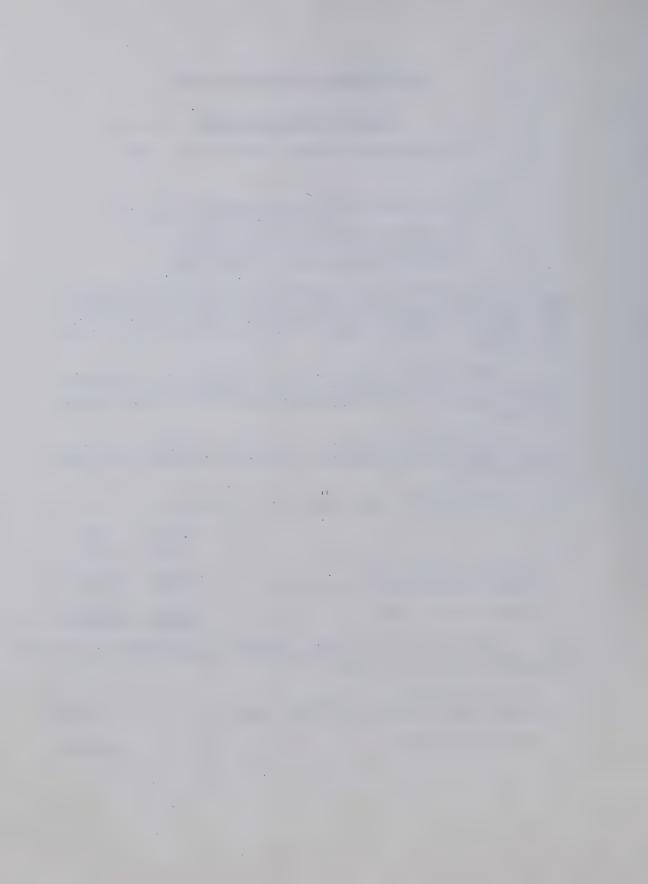
The book value (cost) of the 38 claims is \$1,292.00, and the company's exploration and development expenditures thereon to date amount to \$146,650.31.

3. Capital stock issued consists of the following:

	No. of Shares	Par <u>Value</u>
Balance, April 30, 1959	200,000	396,587.00
Balance, July 31, 1963	1,786,348	\$446,587.00

4. Upon default by the company on payment of the mortgage on its laboratory property, this asset was forfeited under the terms of the mortgage, and the resultant loss was as follows:

Cost of laboratory and equipment	55,507.34
Loss on foreclosure	\$2,507.34

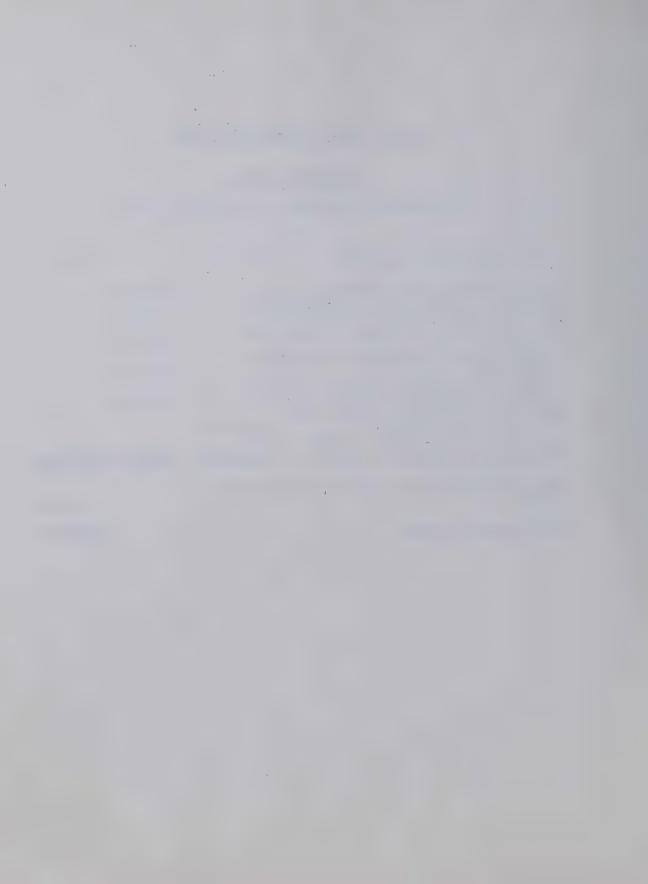


STATEMENT OF DEFICIT

Fifty-one months from May 1, 1959 to July 31, 1963

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Deficit at beginning of period		122,872.45
Mining claims and option abandoned	102,343.00	
Expenditures incurred thereon transferred from deferred expenditures	529.45	
Loss on foreclosure of mortgage on laboratory (note 4)	2,507.34	
expenditures	13,119.07	
Investments in other mining and oil companies written down to nominal value	1,982.50	
to nominal value (note 1) 258,041.57 Less Deficit of subsidiaries included		
in balance at beginning of period 215,072.58	42,968.99	163,450.35 286,322.80
<u>Deduct</u> Recovery of prior periods'oil participation		0.01 .07
expense		894.37
Deficit at end of period		\$285,428.43



STATEMENT OF DEFERRED EXPENDITURES

Fifty-one months from May 1, 1959 to July 31, 1963

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	Balance at beginning of period	Expenditures during period	Balance at end of period
Exploration and development:			
Temagami: Consulting	. 1,675.00 . 10,184.25 . 50.00 . 49.50 . 151.00 . 1,086.03 	43.22 43.22	1,675.00 10,184.25 50.00 92.72 151.00 1,086.03 13,239.00
Townships 168 and 175 (note 2): Assays Consulting Diamond drilling Engineering expense Government fees and taxes Line cutting Postage, telephone and telegraph Prefabricated building Rental of equipment Sundry Supplies Transportation Wages	. 27.50 . 322.47 . 427.27 . 298.05	1,370.58 6,265.75 66,743.47 845.00 860.53 110.00 871.84 436.20 521.05 1,015.06 5,485.03 2,186.20 86,710.71	2,065.59 9,345.75 117,863.95 1,203.50 888.03 110.00 1,194.31 427.27 436.20 819.10 1,015.06 9,095.35 2,186.20 146,650.31
Moss Township: Government fees and taxes	. 217.88	1,001.76	1,219.64
Dupont Township: Engineering expense	•	529.45	529.45
General: Engineering expense Government fees and taxes Miners' licenses Reports Sundry Transportation Workmen's compensation	. 150.00 . 100.00 . 1,085.00 . 261.93 . 810.00 . 613.68 3,020.61	25.00 83.22 200.00 441.25 20.00	175.00 83.22 300.00 1,085.00 703.18 830.00 613.68 3,790.08
Carried forward	. \$76,373.87	\$89,054.61	\$165,428.48

STATEMENT OF DEFERRED EXPENDITURES (Continued)

Fifty-one months from May 1, 1959 to July 31, 1963

Provide Commend	Balance at beginning of period	Expenditures during period	Balance at end of period
Brought forward	. 76,373.87	09,054.01	165,428.48
Laboratory: Appraisal Mortgage interest Municipal taxes	3,150.00 1,164.20 4,314.20	100.00 6,039.45 2,665.42 8,804.87	100.00 9,189.45 3,829.62 13,119.07
Administration: Administration fee Annual report. Audit. Bad debt expense Bank charges Directors' fees. Executive salary Government fees and taxes. Insurance. Legal. Postage, telephone and telegraph Prospectus, filing fee and expenses Stationery Sundry Supplementary Letters Patent Transfer agents' fees and expenses Travel	7,380.00 302.10 160.69 8,456.85 175.38 200.00 159.33	8,250.00 1,223.57 1,350.00 37.60 3,550.00 7,000.00 381.30 79.04 3,150.00 779.05 726.88 440.07 190.44 7,235.19 5,806.06 40,199.20	13,510.00 2,975.68 2,854.00 400.00 162.71 10,350.00 14,380.00 683.40 239.73 11,606.85 954.43 926.88 599.40 190.44 835.00 11,748.15 7,937.61 80,354.28
Deduct Transfers to deficit: Total expenditures of predecessor			
companies	. 32,092.49	8,804.87	32,092.49
abandoned	36,406.69	529.45 9,334.32	529.45 45,741.01
Deferred expenditures at end of period	a \$84,436.46	\$128,724.36	\$213,160.82

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